



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.07

Voluntary Report - public distribution

Date: 9/16/2003

GAIN Report Number: CA3060

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 35 2003

Approved by:

Gary Groves
U.S. Embassy

Prepared by:

George Myles, Matthew Cahoon

Report Highlights:

Canadian Cattle Import Restrictions Questioned * Angry Cattle Farmers Demonstrate At Parliament * Dairy Farmers Call For Action On BSE * Chamber Of Commerce Calls For End Of CWB Monopoly * CWB President Says U.S. Trade Harassment Must End * Gm Seed Sales Strong In Canada * Saskatchewan Harvest At 89% * Ontario Crop Conditions * Strong Increase In U.S. Fresh Apple Sales To Canada * Canada Signs Wines And Spirits Agreement With EU * B.C. Premier Pushes U.S. Leaders To Resolve Softwood Dispute * Toronto Responds To Asian Longhorned Beetle's Attack On Urban Forest

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADIAN CATTLE IMPORT RESTRICTIONS QUESTIONED: The September 19 edition of *Good Morning Ontario* reported that as work continues to get the U.S. border open to exports of live Canadian cattle, perhaps Canadian's need to examine its own border restrictions, writes ag commentator Kevin Hursh on his website www.hursh.ca. Neil Jahnke, President of the Canadian Cattlemen's Association and Lynn Cornwell, Past President of the U.S. National Cattlemen's Beef Association point at Canada's restrictions on U.S. feeder cattle as an issue that needs to be addressed. Feeder cattle from the northern states can only move into Canada in the winter months due to health fears over two diseases - anaplasmosis and blue tongue. Feeder cattle from southern states aren't allowed into Canada at all, says Hursh. According to Neil Jahnke, this restriction does not have a sound scientific basis. He says the border should be open year round. "We owe that to American producers," says Jahnke.

ANGRY CATTLE FARMERS DEMONSTRATE AT PARLIAMENT: Hundreds of angry cattle producers assembled on Parliament Hill this week demanding that the federal government do more to regain access to the United States market for all beef products and live cattle. On August 8, 2003 USDA partially lifted the BSE related-ban on a range of ruminant derived products from Canada covering a significant proportion of normal ruminant meat and product exports to the United States. According to the Canadian Cattlemen's Association (CCA), the permit process for exports of Canadian boneless beef into the U.S. is going smoothly and volumes are expected to grow. The Canadian beef products currently being accepted by the U.S. are boneless beef from cattle under 30 months of age, boneless veal and liver. Mexico has also announced it will begin accepting these products from Canada but as of yet no beef has been shipped to that country. The CCA is anxious to get the U.S. to move quickly on the rule making process to allow live Canadian cattle exports into the United States.

DAIRY FARMERS CALL FOR ACTION ON BSE: According to a September 17 media release from Dairy Farmers of Canada (DFC), DFC added its voice to those from other sectors of the industry cautioning that this crisis due to bovine spongiform encephalopathy (BSE) is not over and immediate action must be taken. "This is having a devastating domino effect on agriculture in Canada," said DFC President, Jean Grégoire. Agricultural sectors do not operate completely independent of each other. When one of us falls we all feel it, our communities feel it and Canada feels it. "As dairy producers, we support our fellow farmers who have gathered today on Parliament Hill to press for further immediate action on a crisis that is threatening to topple rural communities." For dairy farmers, the yearly estimated market loss for dairy animals is in the range of C\$300 million.

CHAMBER OF COMMERCE CALLS FOR END OF CWB MONOPOLY: A September 15 *Canadian Press* article reported that Canada's largest business group called for the Canadian government to end the Canadian Wheat Board (CWB) monopoly on selling western grain, joining a chorus of farm groups and a vocal group of farmers. The Canadian Chamber of Commerce passed a resolution at its annual meeting saying all Canadian farmers should be able to choose how they sell their grain. The chamber proposed a pilot project to test the

idea. "We're really asking for parity with the rest of the country and the ability to choose," said Jan Fisher, a member of the chamber representing Red Deer, Alberta, who pushed the resolution calling for an open grain market. "We're not calling for an abolition or demolition of the wheat board, but I think there is a division of opinion in the industry. There are definitely some producers who think we have to let market forces go and they should get the chance to demonstrate the success of that," said Nancy Hughes Anthony, president and CEO of the chamber.

CWB PRESIDENT SAYS U.S. TRADE HARASSMENT MUST END: In A September 18 address to the U.S. National Grain Trade Council meeting in Quebec City, Canadian Wheat Board (CWB) President and CEO Adrian Measner called on the U.S. to end its harassment of western Canadian wheat farmers. Measner called the continued trade actions brought by U.S. special interest groups against the CWB "futile, expensive and time-consuming." "I am calling for an end to what can only be called the harassment of western Canadian wheat farmers," he told the crowd of representatives from grain exchanges, boards of trade and U.S. grain marketing organizations. "I believe the United States should instead focus on leveling the uneven playing field that currently exists in global agricultural trade - creating an open and competitive marketplace that responds to the buyer's need, rather than government policies." In addition to trade, Measner also discussed an issue of serious concern to both Canadian and U.S. grain farmers: the harmful impact the introduction of Roundup Ready wheat would have on the North American grain industry. "If the basis of an open and competitive market is the buyers' ability to choose the product they want - then the unconfined release of Roundup Ready wheat could very well spell disaster for the Canadian and American wheat industries when buyers around the world have said they don't want it."

GM SEED SALES STRONG IN CANADA: According to the September 18 edition of *Good Morning Ontario*, sales of GM seeds continue to be strong in Canada, says Lorne Hepworth, president of CropLife Canada. "Double-digits higher - that's a reflection of farmers continuing to adapt and adopt the genetically modified (GM) crop varieties because of the value they bring to them in terms of another pest management tool," says Hepworth. "Those sales continue to rise dramatically and we've seen the statistics over the year about the (higher) percentage of the canola crop that's now GMO and also with the corn and soybean crops. It's no surprise our numbers would reflect that." According to Statistics Canada, genetically modified soybeans represented 700,000 acres or 34% of total soybean plantings in Ontario 2002. In 2001, genetically modified soybeans made up only 23% of total plantings. On the corn side, farmers planted 610,000 acres of genetically modified corn, which represented 32% of Ontario's planted area, up from 29% in 2001.

SASKATCHEWAN HARVEST AT 89%: Cooler and wetter conditions slowed harvest in Saskatchewan last week, according to Saskatchewan Agriculture, Food and Rural Revitalization's September 14 weekly crop report. Crop reporters indicate that 89% of the crop has been combined, and another one percent is being used for alternative uses such as livestock feed. Last year, 29% of the crop had been combined while the five-year (1998-2002) average is 61% combined. Combining progress is furthest advanced in the southeast where 95% of the crop is in the bin, followed by the southwest at 94%. Combining is least advanced in the northwest at 71%. Recent precipitation improved topsoil moisture across the province. On cropland, 47% of reporters rate moisture as very short, compared with 74% last week. On hay and pastureland, 53% rate topsoil moisture as very short compared to 80% last week. The main sources of crop damage during the past week were wind, insects, and weathering. Some seeding of fall crops is underway though many producers are waiting for more moisture before starting fall fieldwork.

ONTARIO CROP CONDITIONS: According to the September 11 Ontario Ministry of Agriculture and Food (OMAF) Field Crop Report, the spring wheat harvest is essentially complete. Warm

dry weather through August and early September has hastened maturity of edible beans. There is a tremendous amount of variation in the maturity of the soybean crop across the province and most of the crop will require 3-4 weeks before a killing frost in order to fully mature. Much of the crop is at the full seed stage and is beginning to mature. There is significant acreage of late planted beans that are well behind the rest of the provincial crop. OMAF predicts that the 2003 Ontario yield should be around 36-38 bu/ac. Dry weather through August has advanced maturity, and raised concerns of reducing remaining pod fill, particularly with late-planted soybeans. OMAF expects that the majority of the corn crop should mature around the end of the month, approximately two weeks behind normal.

STRONG INCREASE IN U.S. FRESH APPLE SALES TO CANADA: Canadian fresh apple imports from the United States in MY2002/03 (July/June) increased more than 20% to 112,380 metric tons (\$86 million) from 92,816 metric tons (\$68 million) the previous year. A below average crop outturn in Canada last year was the major reason for the advance in U.S. fresh apple sales. The U.S. market share of total Canadian fresh apple imports in MY2002/03 rebounded to 78%. Of total U.S. fresh apple exports to Canada during MY2002/03, Washington State was the major supplier accounting for 80%. California, New York and Michigan combined for another 18%, almost all of the balance. For more information on the outlook for Canadian apple production and trade, watch for the Deciduous Fruit Annual, an Attaché Report available later this month.

CANADA SIGNS WINES AND SPIRITS AGREEMENT WITH EU: The Government of Canada, on September 16, signed an agreement with the European Union (EU) on wines and spirits that is expected to maintain stability in Canada's domestic marketing and distribution practices and significantly open the European market to Canadian products. International Trade Minister Pierre Pettigrew, Agriculture and Agri-Food Minister Lyle Vanclief, EU Agriculture Commissioner Franz Fischler and Italian Minister for Foreign Trade Adolfo Urso signed the agreement. "This agreement strengthens Canada-EU relations by eliminating previous irritants in the wine and spirits sectors," said Minister Pettigrew. "In addition to resolving grievances, the agreement solidifies Canadian access to the EU marketplace." The agreement offers a simplified certification process for the export of Canadian wine and protection for Canadian wine and spirit geographical indications, such as Okanagan Valley, Niagara Peninsula and Canadian rye whisky. Europe will gain from greater protection for its geographical indications in Canada. The agreement also contains enhanced transparency provisions in the liquor distribution systems in Canada, an important benefit for the EU. The agreement will likely come into force in early 2004. A backgrounder is available at: http://webapps.dfait-maeci.gc.ca/minpub/Publication.asp?FileSpec=/Min_Pub_Docs/106431.htm&Language=E

B.C. PREMIER PUSHES U.S. LEADERS TO RESOLVE SOFTWOOD DISPUTE: A September 14 news release from the British Columbia provincial government reported that it is time for the U.S. to accept the results of recent WTO and NAFTA rulings and negotiate a fair resolution to the softwood lumber dispute, Premier Gordon Campbell said during the Western Governors' Association meeting on improving cross-border trade. "Workers and communities on both sides of the border depend on fair, open access to markets," Campbell said. "Nearly \$589 billion of trade flows between our two countries. "Every NAFTA and WTO decision to date has found either that the U.S. duties are in breach of trade laws, or that there have been significant flaws in how they are calculated. B.C. and Canada have negotiated in good faith, and worked tirelessly to reach a solution. It's time to resolve this dispute, for the sake of workers on both sides of the border."

TORONTO RESPONDS TO ASIAN LONGHORNED BEETLE'S ATTACK ON URBAN FOREST:

According to a media release from Toronto City Councilor Joe Pantalone, the Asian Longhorned Beetle (ALB) has now been discovered in parts of the City of Vaughan and the City of Toronto. The Canadian Food Inspection Agency (CFIA) is implementing an aggressive campaign to control and eradicate ALB following confirmation of its infestation on September 11. This is the first confirmed infestation of ALB attacking trees in Canada. This beetle is an invasive quarantine insect, native to Asia and is known to kill healthy trees. ALB can attack the majority of Canadian broadleaf trees, including species of maple, birch, poplars, willow and fruit trees. The City of Toronto has been vigilant in its surveillance of the urban forest for signs of this pest following its initial detection in the U.S. in the late 1990s. In 2000 Toronto City Council approved an emergency response plan in the event that the pest is discovered in Toronto. The City is now implementing this response plan that includes: (1) Identify areas of infestation and the eradication of this invasive pest within the affected area, (2) Seek funding through the Government of Canada and the CFIA to cover the costs of eradicating the infestation and replanting trees (3) Appeal to residents and businesses to support re-planting efforts Continue our public education efforts to provide information about threats to Toronto's urban forest (4) Encourage residents and businesses to work with the Toronto's Urban Forestry Unit to identify and report areas of infestation.

Find FAS on the World Wide Web:

Visit our headquarters' home page at <http://www.fas.usda.gov> for a complete listing of FAS' worldwide agricultural reporting.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA3057	Grain and Feed September Update	9/6/2003
CA3056	This Week in Canadian Agriculture, Issue 33	9/5/2003
CA3055	Livestock Annual	9/4/2003
CA3054	Canada's Dairy Industry and the Implications of the WTO Dairy Dispute	8/28/2003
CA3053	This Week in Canadian Agriculture, Issue 32	8/29/2003
CA3052	Poultry Annual	8/27/2003

VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto <http://www.usembassycanada.gov>; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: agottawa@usda.gov